

## 02 - Bollinger Band

- Bollinger Bands® were developed and copyrighted by famous technical trader John Bollinger
- It consists of 3 bands and spread of the bands depends on the volatility

### LOGIC

$$\text{TP (Typical Price)} = \frac{\text{High} + \text{Low} + \text{Close}}{3}$$

$$\text{sigma[TP, n]} = \text{Stand. Dev over last n period}$$

$$\text{Upper Band} = \text{SMA (TP, n)} + m * \text{sigma[TP, n]}$$

$$\text{Middle Band} = \text{SMA (TP, n)}$$

$$\text{Lower Band} = \text{SMA (TP, n)} - m * \text{sigma[TP, n]}$$

$m$  = Number of SD away

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